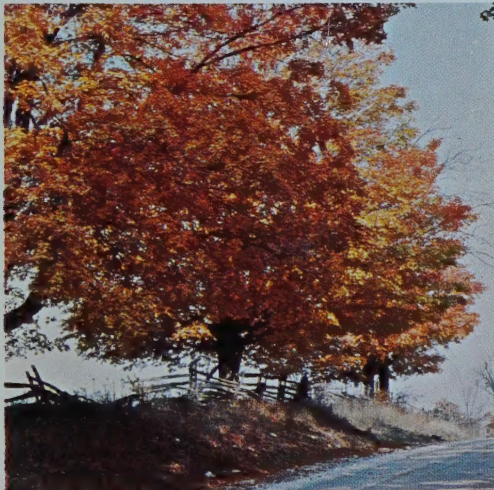
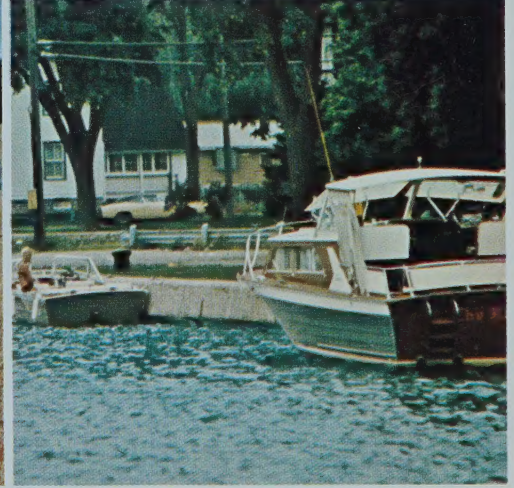
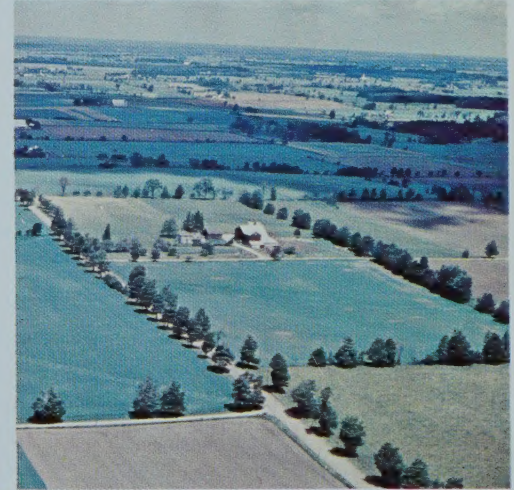


Victoria and Grey Trust Company/1974 Annual Report

AR45



A close association
with Ontario since 1889



Board of Directors †

Officers †

*John R. Anderson, Q.C.	<i>Stratford</i>
*Colin E. Bennett, Q.C.	<i>Toronto</i>
K. B. Clysdale	<i>St. Marys</i>
Donald F. Cowling	<i>Meaford</i>
*C. G. Fleming	<i>Owen Sound</i>
J. S. Flavelle	<i>Pembroke</i>
John W. Graham, Q.C.	<i>Toronto</i>
*A. G. S. Griffin	<i>Toronto</i>
*Hon. Walter Harris, Q.C.	<i>Markdale</i>
William C. Hamilton	<i>Guelph</i>
A. E. Hick	<i>Lindsay</i>
Henry N. R. Jackman	<i>Toronto</i>
Henry E. Langford, Q.C.	<i>Toronto</i>
*W. B. Lemon	<i>Owen Sound</i>
*W. A. Macdonald, Q.C.	<i>Toronto</i>
James H. McLaughlin, Q.C.	<i>Toronto</i>
*R. N. McLaughlin, Q.C.	<i>Toronto</i>
W. L. Moore, Q.C.	<i>London</i>
Daniel J. Murphy, Q.C.	<i>Goderich</i>
John F. Reesor, Q.C.	<i>Hamilton</i>
W. J. Shields	<i>Coboconk</i>
*B. J. Sibold	<i>Stratford</i>
J. R. Sinclair	<i>Peterborough</i>
*R. H. Soward, Q.C.	<i>Toronto</i>
G. Graham Thomson	<i>Kingston</i>
Ivor Wagner	<i>Owen Sound</i>
Dr. Douglas R. Warren	<i>Toronto</i>

**Chairman of the Board
and Chief Executive Officer**
Hon. Walter Harris, Q.C.

President
Colin E. Bennett, Q.C.

Vice Presidents
C. G. Fleming
W. B. Lemon
R. H. Soward, Q.C.

**Vice President
General Manager and Secretary**
R. R. Merifield, Q.C.

Treasurer and Comptroller
R. G. Gassien, C.A.

Chief Accountant
Velma Wightman

Assistant Secretary
Mae Edgar

EASTERN REGION

E. M. Malcolm
*Vice President and
Assistant General Manager*
J. W. Jones
General Supervisor
Jack Gordon
Mortgage Supervisor

WESTERN REGION

W. H. Somerville
*Vice President and
Assistant General Manager*
B. V. Mehlenbacher
General Supervisor
L. R. Zurbrigg
Mortgage Supervisor

CENTRAL REGION

J. G. Mosley
Assistant General Manager
W. R. Curry
General Supervisor

Lambton Loan and Investment Company

R. C. Puffer
*General Manager, Secretary and
Treasurer*

Estates, Trusts and Agencies

R. M. Bassett
Director
R. E. P. Walker
Supervisor Administration
R. C. Casselman
Manager — Lambton Trust Company

Investment Officer

P. I. D. Taylor

*Member of Executive Committee

†as at December 1, 1974

To Our Shareholders

This year we consolidated in our financial report the operations of Victoria and Grey Trust Company, The Lambton Loan and Investment Company and The Lambton Trust Company Limited and you will note that the combined assets now exceed one Billion dollars. The increase in trust deposits and Guaranteed Investment Certificates in the year was over 170 Million dollars and the increase in mortgages over 150 Million dollars.

Our Consolidated Revenues were 81 Million dollars, up from 64 Million dollars and, after income taxes, the net operating income was \$6,228,627, being \$2.15 per common share, compared to last year's \$6,486,620 — \$2.24. In addition there was a gain of 10¢ per common share on the sales of securities, compared to 15¢ for 1973.

I pointed out a year ago that we were hoping for Government action to increase our Borrowing Powers so as to provide additional money for mortgages. Amendments to the Loan and Trust Corporations Act were introduced in the Legislature on November 19, 1974 and may be in effect early in 1975.

We assume that the amendments will give us the flexibility in financing and we shall take whatever action seems best to provide for the demand for mortgages for both new and existing housing. Included in this action would be the retirement of the short term borrowing shown on our balance sheet.

At our last Annual Meeting, we elected as President Colin E. Bennett, Q.C., the former Chief Judge of the County and District Courts of the Province of Ontario. We are fortunate in having him join us as this year's very satisfactory results would indicate.

WALTER HARRIS,
Chairman of the Board and
Chief Executive Officer.

As The Chairman of The Board and Chief Executive Officer has reported, the Victoria and Grey Trust Company and its Lambton subsidiaries have enjoyed another year of solid progress. Had it not been for the imposition of the corporate surtax in the recent Federal Budget, our net earnings after taxes would have been only 2¢ less per common share than achieved in our record 1973 year. In view of the unstable conditions which existed in the financial markets this year, we consider these earnings most gratifying.

In a year which analysts have described as a trying one, we were faced with rising costs and persistently increasing interest rates. The interest rate of our Special Savings Accounts (non-chequing) rose 2½% during the year from 6¾% to 9¼% at year end. This was costly. Rates for G.I.C.s and debentures were changed on a record number of eleven occasions, from 8¾% for 5 years in October 1973 to 10½% in October 1974.

The demand for mortgages throughout most of the year was strong and it was necessary during certain periods to impose limitations on our lending. For some time now, our lending has been restricted to conventional mortgages on residential properties and to prime commercial loans. Mortgage rates throughout the year were adjusted to keep pace with the increase in the rates paid on G.I.C.s and Debentures and again this meant a record number of changes in mortgage rates. There was some resistance from the borrowers in the later months to the higher rates. As in the past, the Company kept a careful watch on the match between the inflow and outflow of funds. Our mortgage arrears position is very satisfactory and has not changed from last year.

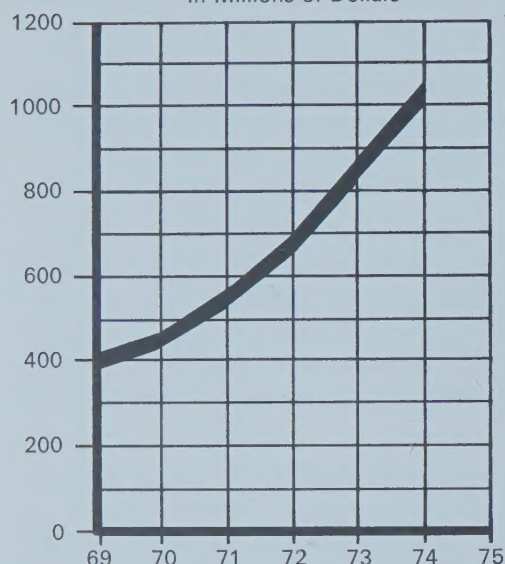
The Tillsonburg office was opened in July and a new office will be established in January to serve North Bay. Other locations are constantly under review as are new methods and procedures and other ways and means of further expanding and developing the Company's business. In looking at 1975, in view of the uncertainty of the markets and of the economies of the world, we recognize we cannot anticipate all the changes that will occur which will affect our Company. However, we are facing the future with confidence and we have budgeted for another successful and profitable year.

I thank the General Manager and our employees for the dedication, loyalty and competence in adapting their recognized skills to the various fast developing situations which confronted the Company during what was an unusual year. The Company is fortunate in having employees with so much ability and experience in the Deposit, Trust and Mortgage business.

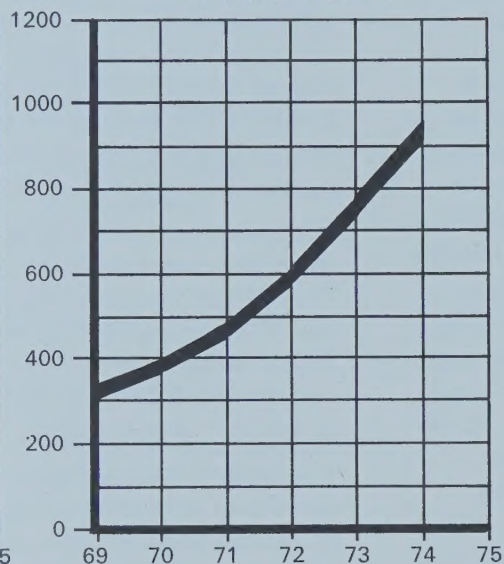
COLIN E. BENNETT,
President

VICTORIA AND GREY and Lambton Serving Ontario

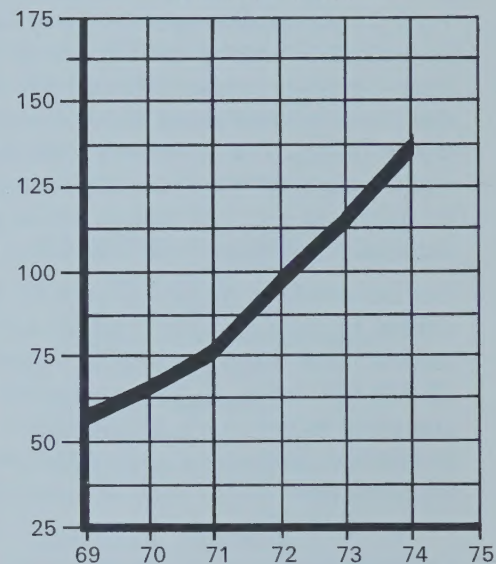
Deposits and Certificates
in Millions of Dollars



Mortgage Loans
in Millions of Dollars



Estates, Trusts and Agencies
in Millions of Dollars



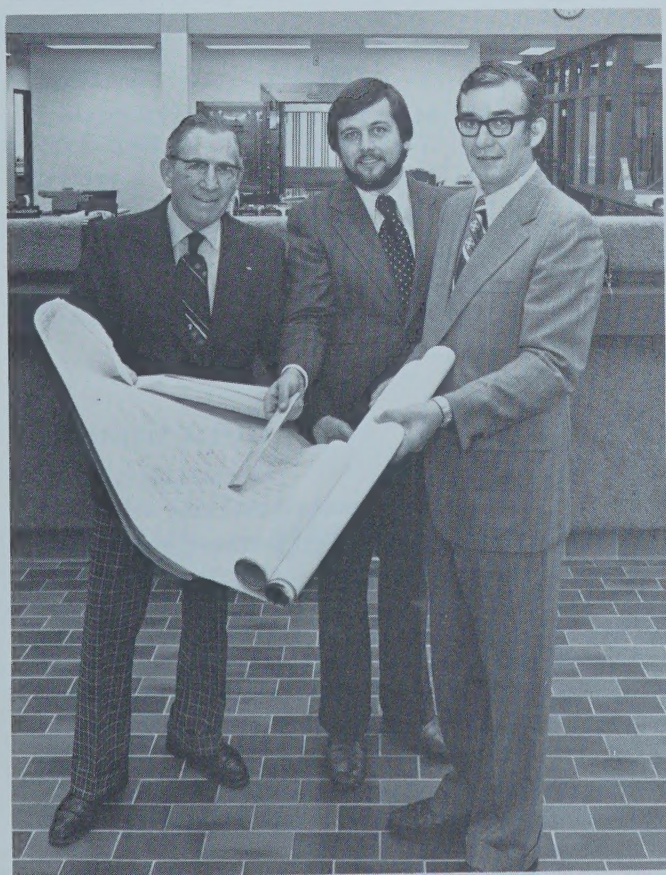
Now Tillsonburg! Gary Bell, Manager of the new V and G office in Tillsonburg stands beside Mayor Seldon Wilkinson and Colin Bennett, President of Victoria and Grey as they cut the ribbon to signal the opening. Walter Harris, Chairman of the Board, looks on.



Memorial Hall in Kingston is the scene of the 1974 Annual Meeting of the Company in Kingston. Here, Walter Harris, Chairman of the Board, addresses the meeting in the historic chamber.

Expanding Orillia. R. W. Smith, Chairman of Advisory Board in Orillia, holds one end of plan for the newly completed office addition while manager Leland Hill holds the other end. Andrew Goode, the architect explains details.

Walter Harris, Chairman of the Board and Chief Executive Officer, chats with Colin Bennett, President.



VICTORIA AND GREY TRUST COMPANY and subsidiary companies

Consolidated Balance Sheet - October 31, 1974

ASSETS

	<u>1974</u>	<u>1973</u>
		COMPAN
Cash	\$ 3,760,681	\$ 3,042,780
Securities (note 2)		
Bonds, at amortized cost	24,149,387	18,529,601
Stocks, at cost	12,989,580	12,417,043
Consumer loans	3,960,766	2,629,023
Income taxes recoverable	530,795	
Advances to estates and trusts	88,011	118,531
Office premises, at cost less accumulated depreciation of \$4,554,370; 1973, \$4,227,402	5,098,338	4,646,122
Other assets	57,246	21,731

50,634,804

41,404,831

GUARANTEE

Cash	5,759,265	5,426,672
Securities (note 2)		
Bonds, at amortized cost	77,932,041	69,512,063
Collateral loans	12,473,696	6,320,210
Mortgages	925,999,061	768,745,397
	<u>1,022,164,063</u>	<u>850,004,342</u>
Total — Company and guaranteed funds	<u>\$1,072,798,867</u>	<u>\$891,409,173</u>

Cash, securities and other assets held for estates, trusts and agencies	<u>\$ 134,850,648</u>	<u>\$114,966,497</u>
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Approved on behalf of the Board

COLIN E. BENNETT, Q.C., President

C. G. FLEMING, Vice-President

UNDS

LIABILITIES

	<u>1974</u>	<u>1973</u>
Preference dividend payable November 1	\$ 61,598	\$ 62,511
Subordinated note payable to a shareholder May 1, 1975	5,000,000	
Income taxes payable		998,658
Deferred income taxes	8,040,980	5,997,880
Minority interest in subsidiary companies	22,627	23,500
	<u>13,125,205</u>	<u>7,082,549</u>

SHAREHOLDERS' EQUITY

Capital stock		
Preference shares, 5.35% Series A cumulative redeemable (note 3)		
Authorized less redeemed — 191,909 shares, par value		
— \$50 each		
Issued — 91,909 shares (1973, 93,474 shares)	4,595,450	4,673,700
Common Shares		
Authorized — 10,000,000 shares, par value \$1 each		
Issued — 2,782,124 shares	2,782,124	2,782,124
General reserve	29,300,000	26,000,000
Retained earnings	832,025	866,458
	<u>37,509,599</u>	<u>34,322,282</u>
	<u>50,634,804</u>	<u>41,404,831</u>

UNDS

Deposits	178,585,540	164,059,498
Guaranteed investment certificates and debentures	843,578,523	685,944,844
	<u>1,022,164,063</u>	<u>850,004,342</u>
	<u>\$1,072,798,867</u>	<u>\$891,409,173</u>

AUDITORS' REPORT

To the Shareholders of
Victoria and Grey Trust Company

We have examined the consolidated balance sheet of Victoria and Grey Trust Company and subsidiary companies as at October 31, 1974 and the consolidated statements of revenue and expenses and retained earnings and general reserve for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of

the companies, these consolidated financial statements present fairly the financial position of the companies as at October 31, 1974 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied, after giving retroactive effect to the consolidation of subsidiary companies as referred to in note 1 to the consolidated financial statements, on a basis consistent with that of the preceding year.

GAVILLER & COMPANY
Chartered Accountants

THORNE GUNN & CO.
Chartered Accountants

Lindsay, Ontario
November 19, 1974

VICTORIA AND GREY TRUST COMPANY and subsidiary companies
Consolidated Statement of Revenue and Expenses and
Retained Earnings for the Year Ended October 31, 1974

	1974	1973
Revenue		
Mortgage interest	\$81,627,399	\$64,278,580
Loan interest	1,627,932	938,846
Investment income	7,209,913	6,042,243
Commissions and fees from estates, trusts and agencies	802,419	769,210
Other	1,056,994	1,041,823
	<u>92,324,657</u>	<u>73,070,702</u>
Expenses		
Interest	71,212,989	52,257,112
Salaries, pensions and other staff benefits	4,822,744	3,935,040
Property expense, including depreciation of \$357,061; 1973, \$221,295	1,001,738	917,999
Other expenses	3,230,759	3,593,969
	<u>80,268,230</u>	<u>60,704,120</u>
Operating income before income taxes	<u>12,056,427</u>	<u>12,366,582</u>
Income taxes		
Current	3,784,700	4,465,732
Deferred	2,043,100	1,414,230
	<u>5,827,800</u>	<u>5,879,962</u>
Net operating income	6,228,627	6,486,620
Net security gains after applicable income taxes	291,707	418,122
Net income before minority interest	6,520,334	6,904,742
Minority interest	2,436	2,495
Net income for the year	6,517,898	6,902,247
Retained earnings at beginning of year	866,458	832,509
	<u>7,384,356</u>	<u>7,734,756</u>
Deduct		
Dividends		
Preference	247,637	253,102
Common	3,004,694	2,615,196
	<u>3,252,331</u>	<u>2,868,298</u>
Transfer to general reserve	3,300,000	4,000,000
	<u>6,552,331</u>	<u>6,868,298</u>
Retained earnings at end of year	<u>\$ 832,025</u>	<u>\$ 866,458</u>
Net operating income per common share	\$ 2.15	\$ 2.24
Net income per common share	\$ 2.25	\$ 2.39

Consolidated Statement of General Reserve for the Year Ended October 31, 1974

	<u>1974</u>	<u>1973</u>
Balance at beginning of year	\$26,000,000	\$22,000,000
Transfer from retained earnings	<u>3,300,000</u>	<u>4,000,000</u>
Balance at end of year	<u>\$29,300,000</u>	<u>\$26,000,000</u>

Notes to Consolidated Financial Statements

1. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the subsidiary companies, The Lambton Loan and Investment Company and The Lambton Trust Company, Limited.

Prior to 1974 the financial statements of the company recorded the investment in its subsidiary companies on the equity basis. During 1974 the company adopted the practice of accounting for these subsidiary companies on a fully consolidated basis and accordingly, the 1973 comparative figures have been restated to reflect this retroactive change in accounting practice. The change has no effect on net income for the year.

2. SECURITIES

	<u>1974</u>		<u>1973</u>	
	Amortized Cost or Cost	Market	Amortized Cost or Cost	Market
Company Funds				
Bonds				
Government and Provinces of Canada	\$23,031,924	\$22,662,250	\$15,712,059	\$15,574,984
Corporate	<u>1,117,463</u>	<u>1,010,918</u>	<u>2,817,542</u>	<u>2,782,338</u>
	<u>\$24,149,387</u>	<u>\$23,673,168</u>	<u>\$18,529,601</u>	<u>\$18,357,322</u>
Stocks	<u>\$12,989,580</u>	<u>\$16,661,776</u>	<u>\$12,417,043</u>	<u>\$22,876,597</u>
Guaranteed Funds				
Bonds				
Government and Provinces of Canada	\$61,103,713	\$54,852,488	\$58,070,218	\$53,597,184
Municipal and corporate	<u>16,828,328</u>	<u>14,751,541</u>	<u>11,441,845</u>	<u>10,304,630</u>
	<u>\$77,932,041</u>	<u>\$69,604,029</u>	<u>\$69,512,063</u>	<u>\$63,901,814</u>

3. PREFERENCE SHARES

The conditions attaching to the Series A cumulative redeemable preference shares require that in the fiscal year ended October 31, 1971, and annually thereafter, the company shall be obligated to credit \$100,000 as a purchase fund for the redemption of such shares.

No credit has been made to the purchase fund as at October 31, 1974 since the company had already satisfied the above requirement by redemption of sufficient preference shares.

4. SUPPLEMENTARY INFORMATION

The remuneration of directors and officers of the company for the year amounted to \$318,077 (1973 — \$222,885).

Advisory Committees

WESTERN REGION

Goderich

Daniel J. Murphy, Q.C., *Chairman*
E. B. Menzies

Hanover

G. K. Crockford, *Chairman*
Harry Kress
J. D. Waechter

Meaford

E. N. Cooper, *Chairman*
Donald F. Cowling
H. George Hacking (deceased)

Owen Sound

W. B. Lemon, *Chairman*
C. G. Fleming
Ivor Wagner

Stratford - Guelph

John R. Anderson, Q.C., *Chairman*
William C. Hamilton
John V. Killer
B. J. Sibold
Donald Yundt

CENTRAL REGION

Alliston

G. E. Phelps

Port Credit - Brampton - Orangeville

G. F. Oughtred
J. C. Pallett, Q.C.
P. S. Secord
Ronald K. Webb, Q.C.
Philip C. Upshall

Richmond Hill

G. E. Phelps

Toronto Main Office - Whitby

R. H. Soward, Q.C., *Chairman*
John W. Graham, Q.C.
Henry E. Langford, Q.C.
W. A. Macdonald, Q.C.

EASTERN REGION

Belleville

Dr. G. A. Morton, *Chairman*
G. A. Freeman
W. L. McDougall
H. Myles Morton
J. N. Yanover (deceased)

Kingston

G. Graham Thomson, *Chairman*
R. C. Oaks
W. Leslie Wilmot

Lindsay

A. E. Hick, *Chairman*
S. A. Flavelle
G. E. Phelps
W. J. Shields

Orillia

R. W. Smith, *Chairman*
T. G. Beament
J. N. Spencer

Peterborough

J. R. Sinclair, *Chairman*
H. S. Matthews
Hugh Waddell

Renfrew

J. S. Flavelle, *Chairman*
D. Wallace Stewart, Sr.

V and G Offices*

Office	Address	Manager	Telephone
ALLISTON	13 Victoria Street W.	D. J. Gill	705-435-4344
BELLEVILLE	175 Front Street	C. R. Brown	613-968-6417
BRAMPTON	11 Main Street S.	D. J. Sargeant	416-451-7330
CANNINGTON	Cameron Street	W. G. Smith	705-432-2551
COBOURG	25 King Street E.	T. E. McKay	416-372-3361
COLLINGWOOD	153 Hurontario Street	R. P. McKeown	705-445-3133
EXETER	425 Main Street	Kurt Bowman	519-235-0530
GODERICH	100 Kingston Street	J. D. Cross	519-524-7381
GUELPH	118 Wyndham Street	D. A. Armstrong	519-823-2300
HANOVER	255 - 10th Street	T. G. Fyfe	519-364-2200
KINGSTON	168 Wellington Street	J. G. Donovan	613-544-3033
LINDSAY	85 Kent Street W.	G. A. Juby	705-324-2123
LISTOWEL	Main Street E.	W. W. Cousins	519-291-1450
MEAFORD	2 Trowbridge Street	K. D. Bowes	519-538-2060
NEWMARKET	198 Main Street	C. K. LeFeuvere	416-895-5104
NORTH BAY	175 Main Street E.	S. D. Trethewey	705-476-0705
ORANGEVILLE	162 Broadway Street	B. M. Malcolm	519-941-6211
ORILLIA	12 West Street N.	L. B. Hill	705-325-2267
OWEN SOUND	857 Second Avenue E.	K. C. Morris	519-376-8480
PETERBOROUGH	437 George Street N.	G. A. Wakelin	705-742-3471
PORT CREDIT	36 Lakeshore Road E.	C. C. Fitzgerald	416-278-3358
RENFREW	228 Raglan Street S.	D. F. Hiller	613-432-5818
RICHMOND HILL	10355 Yonge Street	L. J. Ruby	416-884-1107
ST. CATHARINES (Agency)	132 King Street W.	John Hull	416-688-2492
ST. MARYS	131 Queen Street E.	M. T. Carney	519-284-3840
STRATFORD	1 Ontario Street	C. I. Stief	519-271-2050
TILLSONBURG	81 Broadway Street	G. S. Bell	519-842-4209
TORONTO	197 Bay Street	Charles Franklin	416-869-1661
	2262 Bloor Street W.	Iain Maciver	416-766-9211
	635 College Street	Patrice Saltarelli	416-535-3133
	1520 Danforth Avenue	Josephine Moncada	416-465-3565
	1887 Eglinton Avenue W.	George Cervoni	416-789-2171
WHITBY	308 Dundas Street W.	L. D. Reid	416-668-9324
Lambton Offices			
CHATHAM	133 King Street W.	George Pyle	519-354-5560
LEAMINGTON	14 Erie Street S.	James Holmes	519-326-2624
SARNIA	191 Front Street N.	J. D. Murray	519-344-7491
	560 Exmouth Street, Northgate Plaza	Elvis Webb	519-337-3203
WALLACEBURG	541 James Street	J. G. Brown	519-627-2268

Head Office: 85 Kent Street W., Lindsay
Executive Office: 2990 Commerce Court West, Toronto

Central Region Office: 5799 Yonge Street, Willowdale
Eastern Region Office: 85 Kent Street W., Lindsay
Western Region Office: 1 Ontario Street, Stratford
Lambton Office: 191 Front Street N., Sarnia

*as at January 1, 1975

You are invited to obtain more detailed information on our services at any Victoria and Grey Office.



Regular Savings Accounts

Generous interest on Regular Savings Accounts with chequing privileges and no service charges for a reasonable number of cheques. Interest is calculated and added to the account half-yearly on April 30 and October 31. We provide addressed and postage paid "Deposit-by-Mail" envelopes.

Special Savings Accounts

High interest is calculated on the minimum monthly balance and added to the account half-yearly on April 30 and October 31. Withdrawals, in person or by mail, without service charges.

Guaranteed Investment Certificates

Interest at current competitive rates is payable half-yearly or may be left to accumulate at compound interest.

Mortgage Loans

Custom-tailored mortgages on residential, well located commercial property, and on good improved farms at current interest rates. Payment plans may extend to 25 years and loans may be for a high proportion of value depending on property.

Collateral Loans

On the security of approved stocks, bonds and debentures, and on Trust Company Guaranteed Investment Certificates.

Personal Loans

These are made available to established clients of the Company.

Safety Deposit Vault

A Safety Deposit Box in our modern vaults to protect your securities and other valuables costs as little as \$5.00 a year.

Money Orders and Travellers Cheques

Issued in Canadian, Sterling or U.S. Funds, for use in Canada or throughout the world.

Income Averaging Certificates

Certain income, otherwise taxable for the year received, may be invested in these Certificates thereby spreading the tax payments over a maximum period of 15 years. Some eighteen categories, including taxable capital gains represent "qualifying" income.

Retirement Savings Plans

If you are not enrolled in a registered pension plan, you may contribute up to 20%* of your earned income each year to Registered Retirement Savings Plans (maximum \$4,000*). If you are enrolled in a pension plan, you may contribute up to 20%* of your income (maximum \$2,500*), less the amount you pay into the pension plan.

*Under current tax regulations.

Deferred Profit Sharing Plans

Limited Companies may contribute from gross profits up to 20% of earnings (to a maximum of \$2,500) each year of each employee enrolled under these Registered Plans now available from Victoria and Grey.

Company contributions qualify as a business expense while employees benefitting only pay taxes as funds are withdrawn. Employee has several options to spread tax payments over several years when he withdraws his portion. Contributions must vest in each employee within five years.

Investment Fund

The Victoria and Grey Investment Fund is composed mainly of common stocks chosen for their growth potential. You may invest in the fund at any time or withdraw any amount as of any valuation date on the last day of each month. There is no sales commission and no withdrawal fee to pay.

Estates

As executor or administrator of Estates this Company provides the knowledge and experience necessary for sympathetic, efficient administration.

Trustee and Agents

For those too busy or unable to look after their own real estate, mortgages or other investments, or the assets of estates of which they are the executor.

Corporate Trust Services

Trustee for Pension Plans, Profit Sharing, Welfare Plans, Bond Issues and Cemetery Funds. Transfer Agent and Registrar, Dividend Paying Agent, Escrow Agent.